

**PRESIDENT SIGNS  
FEDERAL MANAGERS' FINANCIAL  
INTEGRITY ACT**

On September 8, President Reagan signed the Federal Managers' Financial Integrity Act of 1982. The Act amends the Accounting and Auditing Act of 1950 and places the implementation and maintenance responsibilities of adequate internal control systems squarely on the agency heads. Moreover, it requires the agency heads to evaluate and report to the President and the Congress on the adequacy of the systems of internal accounting and administrative control. The new law requires that:

--Internal accounting and administrative control be established in accordance with standards prescribed by the Comptroller General in coordination with the Director of the Office of Management and Budget and ensure that:

- a. Obligations and costs are in compliance with applicable laws;
- b. Funds and property are safeguarded against waste, loss, misappropriation and unauthorized use; and
- c. Revenues and expenditures applicable to agency operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over assets.

--By December 31, 1982, the Director of the Office of Management and Budget, with the help of the Comptroller General will establish guidelines for evaluation by agencies of their systems of internal accounting and administrative control.

--By December 31, 1983 and by December 31 of each succeeding year, the head of each executive agency shall on the basis of an evaluation, prepare a report addressed to the President outlining whether or not the agency's internal control systems fully comply with the requirements of the law as stated above.

--Material weaknesses or inadequacies shall be identified in the report along with a plan of action to correct the deficiencies.

--The statements and reports required shall be made available to the public except where certain information contained in them is specifically prohibited from disclosure by law or by executive order.

The Act also amends the Budget and Accounting Act of 1921 to provide that the President include a separate statement for the amounts of appropriation requested by the President for the Offices of Inspector General of each department in each budget submitted in or after January 1983.

This bill was introduced in the House by Congressman Jack Brooks on February 2, 1981. The Senate sponsor was Senator William Roth.